

AN ORDINANCE **97710**

ACCEPTING THE PROPOSAL OF INTERNATIONAL DUTY FREE STORES COMPANY; AUTHORIZING THE CITY MANAGER TO EXECUTE A STANDARD CONCESSION AGREEMENT, PURSUANT THERETO, FOR THE OPERATION OF A DUTY FREE CONCESSION AT SAN ANTONIO INTERNATIONAL AIRPORT, FOR A TERM OF FIVE (5) YEARS AND PROVIDING FOR ANNUAL PAYMENTS TO THE CITY OF SAN ANTONIO OF THE GREATER OF FIFTEEN PERCENT (15%) OF GROSS REVENUES ON SALES UP TO \$500,000.00 AND TWENTY PERCENT (20%) OF GROSS REVENUES ON SALES OVER \$500,000.00, OR A MINIMUM ANNUAL GUARANTEE PAYMENT OF \$125,000.00 PER YEAR.

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WHEREAS, proposals were solicited by the City of San Antonio ("City") for the operation of a duty free concession at San Antonio International Airport; and

WHEREAS, on or about April 28, 2003 a single proposal was submitted in response to the City's request; and

WHEREAS, the proposal of International Duty Free Stores Company was judged to be acceptable and recommended by the City Staff; and

WHEREAS, the City now wishes to grant International Duty Free Stores Company the right to operate a duty free concession in Terminals 1 and 2 at San Antonio International Airport; and

WHEREAS, it is now necessary to accept the proposal and execute San Antonio International Airport Standard Concession Agreement; **NOW THEREFORE**:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The proposal of International Duty Free Stores Company received on or about April 28, 2003, in accordance with the Request for Proposals for the operation of a duty free concession in Terminals 1 and 2 of the San Antonio International Airport, is hereby selected for negotiation. A copy of the Proposal is on file in the Office of the Aviation Director and its terms are incorporated herein by reference.

SECTION 2. In the event the San Antonio International Airport Standard Concession Agreement for operation of a duty free concession by International Duty Free Stores Company, which is attached hereto in substantial form and incorporated by reference herein, IS NOT signed by all parties thereto, within NINETY (90) days from the date of this Ordinance, then it shall become NULL and VOID, and any further signed documents must again be considered by City Council.

SECTION 3. If within the NEXT NINETY (90) days, the San Antonio International Airport Standard Concession Agreement is signed by International Duty Free Stores Company, in substantially the same form and content as the Standard Concession Agreement, then the City Manager or her designee is hereby authorized to execute such Concession Agreement, without further City Counsel action. Should the Concessionaire sign a Concession Agreement which varies substantially from the form and content of the attached Standard Concession Agreement, then such varied Concession Agreement must be subsequently considered and approved by City Council.

SECTION 4. The Standard Concession Agreement with International Duty Free Stores Company, provides for the operation of a duty free concession in a 1,046 square foot facility in Terminal 1, and a Kiosk may also be permitted in other Terminal locations for a five (5) year term. The Concessionaire will pay the City the greater of 15% of gross revenues on sales up to \$500,000.00 and 20% of gross revenues on sales over \$500,000.00 or a Minimum Annual Guarantee of \$125,000.00 per year.

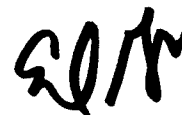
SECTION 5. In the event that there is a 35% or higher decline each month for three consecutive months in international enplaned passengers on scheduled air carriers at San Antonio International Airport as compared to the Airport's previous year is experienced for the same consecutive three-month period, the Concessionaire shall be relieved of the obligation to pay a Minimum Annual Guarantee and Concessionaire shall at such time pay 15% of gross revenues each month until such month that international enplanements on scheduled air carriers at San Antonio International Airport return to a level that is less than a 35% decline in international enplaned passengers on scheduled air carriers at San Antonio International Airport as compared to the same one-month period for the previous year.

SECTION 6. The Director of Finance may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific index codes and fund numbers as necessary to carry out the purpose of this Ordinance.

SECTION 7. The proceeds of the agreement shall be deposited into Fund No. 51-001 entitled "Airports Funds," Index Code 035212, entitled "Airport Duty Free Store."

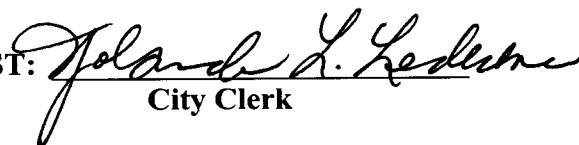
SECTION 8. This Ordinance shall be effective on and after the tenth (10th) day after passage hereof.

PASSED AND APPROVED THIS 29th day of May, 2003.




M A Y O R
EDWARD D. GARZA

ATTEST:


City Clerk

APPROVED AS TO FORM:


for City Attorney